



**Director of
Central
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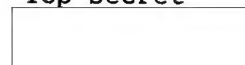
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USSR: Senior Leader Reported Ill

The rumor mill in Moscow is active with reports that one or more senior leaders are seriously ill. [REDACTED]

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Comment: Brezhnev's history of cardiovascular problems makes him constantly vulnerable to a stroke, but there is no additional evidence that his health has suffered a major setback at this time. [REDACTED]

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The Soviet President almost certainly is exhausted because of his recent heavy schedule, and he appeared tired during his visit to Tashkent last week. There was no live television coverage of his return to Moscow on Friday, possibly because he did not look well. The postponement on Sunday of the visit to Moscow by South Yemen's President, apparently at Soviet initiative, further suggests that Brezhnev is indisposed. [REDACTED]

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[REDACTED] The Soviet President in the past has entered the hospital to rest, and he may well have done so on this occasion. In the current politicized atmosphere in Moscow such a development could lead to rumors that he is seriously ill.// [REDACTED]

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Kirilenko's health in recent years appears to have been better than that of most other senior Soviet leaders. Poor health could account for his absence from public view during March, but his absence may be due solely to the political problems that have beset him since Politburo member Suslov's death two months ago. [REDACTED]

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The rumors about health problems within the leadership may be politically motivated. At a minimum, these and other recent rumors testify to the high degree of uncertainty about the state of the leadership since Suslov's death. Their existence, moreover, is a reminder of the frailty of the diminishing circle of men who have ruled the Soviet Union for the past 17 years.



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USSR-CHAD: Possible Military Assistance

//The USSR may supply Chadian President Goukouni with military assistance.// [redacted]

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[redacted]

Since the Libyans withdrew from Chad late last year, the Soviets have strengthened ties with Goukouni. Foreign Minister Gromyko himself received a low-level envoy from Chad in December, and candidate Politburo member Kuznetsov subsequently met with its new Ambassador to the USSR. [redacted]

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[redacted] the Soviets have expressed concern that alleged US support for the Habre forces may portend a resurgence of Western influence in Chad. They also have criticized the OAU peacekeeping force there, charging that its failure to restrain Habre is serving US and French interests. [redacted]

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Comment: [redacted]

[redacted] Moscow's interest in trying to prevent Goukouni's feeble nonaligned coalition from being toppled by insurgent leader Habre's superior forces. The Soviets, however, probably want to play an indirect and limited role in order to avoid charges by other African countries of meddling in Chadian affairs. Consequently, the USSR may encourage other countries to increase their military assistance to Chad. [redacted]

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USSR: Grain Crop for 1981

//Economic lecturers in Murmansk and Leningrad have indicated for the first time that the grain crop for 1981 may have fallen below 160 million tons. One lecturer put the crop at 158 million tons, and the other cited 150 to 165 million tons. An official of an economic institute in Moscow repeated the figure of 158 million tons during a conversation on Monday with a US Embassy official.//

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Comment: //Such lecturers were among the first spokesmen to provide accurate figures for the disastrous grain harvests in 1975 and 1979. A crop of 158 million tons would have fallen about 80 million tons short of plan. Record grain imports will not fill so large a gap, and the Soviets probably will import about 45 million tons during the year ending 30 June. The USSR so far has bought 43.7 million tons for delivery by that date.//

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POLAND: Coal Exports Increase

//The partial recovery of Poland's coal industry under martial law has led to increased exports to the West. The imposition of a six-day workweek and strict discipline in the mines caused production in January and February to rise 14 percent over that of a year ago. Exports amounted to 2.8 million tons, more than triple the same period in 1981. Warsaw's aggressive campaign to regain lost markets is having some success, with Spain purchasing more Polish coal in January than in all of 1981, and Italy, France, and Belgium considering increased purchases.//

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Comment: //Poland's reemergence as a major factor in the West European coal market--largely at the expense of US producers--may partly reflect Warsaw's willingness to offer attractive prices. It also may stem from a desire in Western Europe to diversify sources of supply and to help Poland earn hard currency. The Poles probably are using some of the proceeds from coal sales to help pay debt obligations.//

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BOLIVIA: Labor Unrest

Military leaders are urging President Torrelío to end civil unrest by declaring a state of siege and reorganizing the cabinet. Workers held a successful two-day general strike this week to protest economic austerity measures, and the outlawed Bolivian Workers Central reportedly intends to stage new demonstrations.

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Comment: The protests could play into the hands of the country's perennial coup plotters, some of whom are high-ranking military officers. Torrelío so far appears confident that the key military commanders are not eager for a coup and that the plotters will not want to jeopardize the IMF economic assistance Bolivia is to receive. The plotters probably prefer to let Torrelío bear the onus for the austerity measures imposed to meet IMF demands, but they might try to replace him if unrest were to increase substantially.

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SPECIAL ANALYSIS

IRAQ-IRAN: Implications of the Iranian Victory

Iraq's defeat by Iran in the recent heavy fighting has left President Saddam Hussein, the personal architect of the war, in dire straits. He has no prospect of improving Iraqi military fortunes or of persuading Iran to negotiate. Saddam probably is considering withdrawing completely from Iran, while taking steps to shore up his weakened position at home. Any earlier Iranian interest in negotiations is likely to evaporate as expectations of Saddam's downfall increase. Moderate Arab states are increasingly apprehensive about the threat from a victorious Iran.

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//Saddam announced yesterday "a reorganization of Iraqi defenses to the rear." He noted that Iraqi units in the Dezful salient had withdrawn to new positions closer to the border. Despite forewarning and an overwhelming advantage in conventional firepower, the overriding cause of Iraq's defeat again appears to have been an unwillingness to commit sufficient infantry to the battle.//

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//The Iraqis probably will establish new defensive positions west of the Doveyrij River, leaving some units only a few kilometers inside Iran.

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the Army is likely to fight tenaciously to defend Iraqi territory.//

//Despite suffering substantial losses, the Iranian Army appears strong enough to continue prosecuting the war. Tehran probably is contemplating another major offensive later this spring. It might launch a diversionary attack in the north to threaten the strategic approach to Baghdad.//

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//Iran's primary effort, however, is likely to be aimed at recovering the area between Ahvaz and Khorramshahr. This is the largest piece of territory still held by Iraq, but Iraqi forces holding it are thinly spread.//

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Saddam's Vulnerability

The Iraqi leader's total identification with the war has increased the possibility that his rule will be challenged. The military failure will heighten other longstanding--but suppressed--grievances, including Saddam's "personality cult," his deemphasis of the Ba'th Party's status, and his refusal to share power with his colleagues. These differences are over style more than policy. [redacted]

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A palace coup involving both Ba'th Party and military figures is the most serious threat. Party and military leaders probably are concerned that opposition to "Saddam's war" could engulf the entire regime. Political change in Baghdad might improve prospects for a negotiated settlement with Iran, but Tehran would still remain opposed to any lasting accommodation with a secular Ba'thist regime. [redacted]

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A post-Saddam regime initially would be collegial. Dramatic foreign policy changes are unlikely. Contacts with both the West and the USSR would be maintained to facilitate rebuilding the economy and the military, and to avoid political isolation in the face of collaboration between Syria and Iran. [redacted]

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//The government has attempted to cover up the magnitude of the defeat and threatened severe punishment for "seditious" rumormongers. [redacted] however, military and civilian morale has plummeted as the full extent of Iraqi losses become known. Saddam's defensive remarks yesterday will add to public anxiety.// [redacted]

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Arab Reactions

//Regardless of the effects of the war on Saddam's personal fortunes, Tehran's success has other Arab leaders seriously concerned. Nevertheless, Saudi Arabia's Foreign Minister told a US official Monday that the Saudis will continue aiding Baghdad in hopes of maintaining a credible

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counter to Iran. The Persian Gulf leaders also will want to shore up Iraq's Sunni Arab regime in order to prevent a more militant Ba'thist or a pro-Iranian Shia regime from gaining power.//

Arab leaders in the region will look to the US, and probably to Egypt, for leadership and security assistance. They may allow greater visibility for the US naval presence in the area.

Saudi and Kuwaiti leaders in recent weeks have urged the US to help end the war. Kuwait, however, also may renew its bid for improved relations between the Persian Gulf states and the USSR.

At the same time, Arab leaders are likely to seek opportunities to reduce Iranian hostility. They may offer Iran financial assistance in the hope of placating its clerical leaders. Saudi Arabia, Kuwait, and the United Arab Emirates already have hinted that they might contribute to a reparations fund for Tehran.

Egypt will seek to exploit Baghdad's setback to ease its isolation in the Arab world. Cairo will reiterate its public offers to help defend the Persian Gulf, take a more explicit pro-Iraqi stance, and increase arms sales to Baghdad. The Egyptians also may offer to send military training teams to the Persian Gulf states to help them improve their defensive capabilities.

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